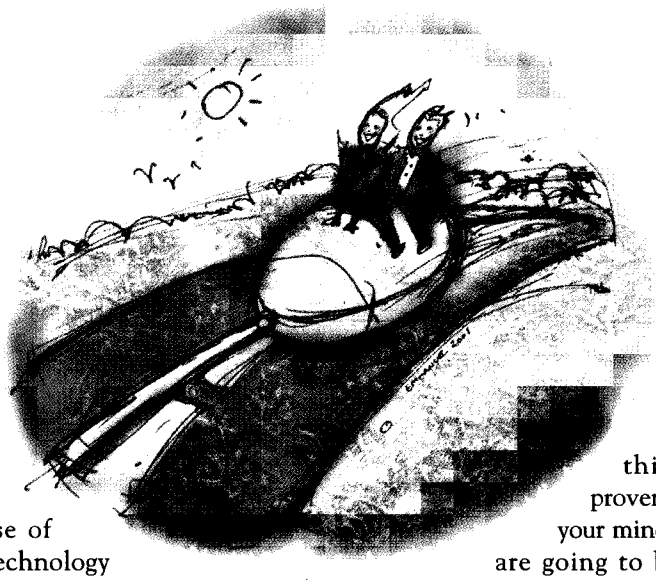
Technology & the Hospitality Industry: Opportunities *in the* New Millennium

BY LAWRENCE HERZOG



The very nature of how we do business is changing because of rapid advances in technology and the Internet. Not since the industrial revolution has such a paradigm shift impacted our economic systems. And, according to wired world guru Jim Carroll, this is just the beginning. "If anything, the pace of change and the impact of that change is going to accelerate," says Carroll, a Mississauga, Ont.-based business consultant and keynote speaker, and author of the best-selling book *Surviving the Information Age*. Cell phones will increasingly mingle with PDAs (Personal Digital Assistants), and e-commerce and interconnected business will become a way of life. As a result, the demands of travellers will become increasingly more sophisticated.

For the hospitality sector, the wired age promises to bring fundamental challenges and changes to infrastructure, staffing, administration, reservations, billing and much more. "The very concept of what a hotel is and the way hotels are built from the ground up is going to change," says Carroll. "Yet people are resistant to change, and quite frankly, they're a little burned out with all the Internet hype. With the dot-com silliness, some people think the Internet hasn't proven to be real. But if you cast your mind out 10 or 20 years, things are going to be really different. Who would have predicted that high-speed access would be ubiquitous in hotels even three years ago? Change is upon us." But, says Carroll, while hoteliers are scrambling to install high-speed Internet access, the changes are really about something more fundamental. "The real fundamental change is that future hotels are going to be designed around the router and the fibre-optic backbone. These smart buildings will be wired in order to be instantly configured for change."

According to Carroll, the very concept of a hotel room is inevitably going to change. And unless the hotel industry suddenly begins working hand in hand with Silicon Valley, it will be playing catch-up, with the customer propelling the technological change. Yet there are areas hoteliers can lead, and Carroll believes smart design is one of them. "Why has the hotel industry been so woefully slow to respond to the need for work spaces?" he asks. "There needs to be — and there will be — hotel rooms with work spaces. And I'm not just talking about a room with a desk. I'm talking about a functional office

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environment, where clients can come for meetings. It's like 'Instant Office.'" Carroll predicts that guests will eventually be able to log onto hotel websites to make reservations and specify to their desired room layout, right down to "goose down pillows, a refrigerator filled with two bottles of apple juice and peanut butter, and a couple of current news magazines on the night stand. It's going to come to that because guests will demand, and have, that control. Why shouldn't I have that?"

As e-commerce begins to change the way the industry operates, many organizations are struggling to understand how business will change as we increasingly plug in and tune on to the wired economy. Much has been made about the online shopping component of e-commerce, but that's just one aspect of the change. Carroll says e-commerce is about the movement of our global economic system from a paperless economy to a wired one. With e-commerce, he says, we are finally entering

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the era of interlinked business systems, a fact that will lead to significant change in the very nature of organizations. For instance, telephone systems can be delivered via the Internet. Already, California's Cisco Systems runs its internal telephone system through the Internet, and Carroll believes that hotels will also be able to bypass the traditional phone system within 10 years. "As part of that, hotels will be able to support functions like videoconferencing," he says. "It opens up entire avenues of possibility, and customers will inevitably support hotels that are technologically adept."

The increasing role of the Internet and electronic communications also means companies are now far more comfortable outsourcing responsibilities such as accounts payable to third-party operators. According to Carroll, that means we'll see more inter-organizational collabora-

tion, with shared office spaces between companies in different cities.

In North America, there are now more than 100 million cellular phones, while 10 billion e-mail messages travel over the Internet every business day. In fact, time on the Web now rivals time spent in front of the television. It's now possible to work any time, from anywhere. But, says Carroll, as a growing number of travellers arrive at hotels toting laptops, cell phones, pagers, PDAs and other gadgets, there will be an increas-

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ing demand for places that guests can unplug and unwind. "I'm convinced an island somewhere will declare itself an unconnected zone," he says. "There's a backlash coming against being connected all the time."

According to Carroll, the key to surviving in the digital age is to move from wrestling about how to react to the challenges, to planning how to respond to the opportunities. And, he says, hoteliers who are concerned about who owns the entry point to the customer should just sit back and say, "'We want to own it.' If the typical cost of a reservation is $10, you can save a lot of money by getting customers to reserve via the Internet and chop that cost in half," he says. "That's a big incentive. Even the airlines have figured that out with online airport reservations."

Ultimately, Carroll believes that implementing change quickly and efficiently means throwing away traditional life cycle thinking. For example, initiatives that previously had a functional life of 12 years now need to be planned, implemented and improved within just a few months. Carroll says the speed at which the industry has established online reservations is a good example of how to effectively meet customer needs. "If you want to know where we're going to be in five or 10 years, look at the changes that are occurring in the world of business because of the Internet," he says. "That will give you the direction of where the demand is going to be and where the market opportunities will be created." ◆

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